

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02091A
Pinecrest Water Company
P. O. Box 97
Nutrioso, AZ. 85932

RECEIVED

MAR 29 2006

**Z Corporation Commissic
Director of Utilities**

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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FOR COMMISSION USE

ANN04	05
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entered
3-30-06
RF

COMPANY INFORMATION

Company Name (Business Name) PINECREST WATER COMPANY INC.

Mailing Address PO BOX 97

(Street)

NUTRIOSO

(City)

AZ

(State)

85932

(Zip)

928-339-4972

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address —

Local Office Mailing Address SAME AS ABOVE

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address —

MANAGEMENT INFORMATION

Management Contact: NATHAN CASTILLO ~~SHANE~~ ~~AS~~ ~~AS~~ President

(Name)

(Title)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address —

On Site Manager: SAME AS ABOVE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address —

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: JOHN K. MANGUM

(Name)

1 E. CAMELBACK RD #1100 PHOENIX

(Street)

(City)

AZ

(State)

85012

(Zip)

602-254-6442

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: SAME AS ABOVE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☒ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME PINECREST WATER COMPANY INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	750	0	0
302	Franchises			
303	Land and Land Rights	6000	0	0
304	Structures and Improvements	14954	4.43 %	662
307	Wells and Springs	4800	4.43 %	213
311	Pumping Equipment	1895	4.43 %	84
320	Water Treatment Equipment	505	4.43 %	22
330	Distribution Reservoirs and Standpipes	4091	4.43 %	181
331	Transmission and Distribution Mains	17743	4.43 %	787
333	Services	3200	4.43 %	142
334	Meters and Meter Installations	1600	4.43 %	71
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	100	4.33 %	4
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	55638	4.43 %	2166

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME PINECREST WATER COMPANY INC.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	750	0	750
302	Franchises			
303	Land and Land Rights	6000	0	6000
304	Structures and Improvements	14 984	10812	4172
307	Wells and Springs	4860	3470	1390
311	Pumping Equipment	1895	1370	525
320	Water Treatment Equipment	525	365	160
330	Distribution Reservoirs and Standpipes	4091	2958	1133
331	Transmission and Distribution Mains	17743	12832	4911
333	Services	3200	2314	886
334	Meters and Meter Installations	1600	1157	443
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	100	72	28
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	55638	35350	20288

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME PINECREST WATER COMPANY INC.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 17064	\$ 18289
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 17064	\$ 18289
	FIXED ASSETS		
101	Utility Plant in Service	\$ 40618	\$ 55638
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	28419	35350
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 12199	\$ 20288
	TOTAL ASSETS	\$ 29263	\$ 38577

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME PINECREST WATER COMPANY INC.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ - 0 -	\$ - 0
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ - 0	\$ - 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ - 0	\$ - 0
	TOTAL LIABILITIES	\$ - 0	\$ - 0
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	29263	38577
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 29263	\$ 38577
	TOTAL LIABILITIES AND CAPITAL	\$ 29263	\$ 38577

COMPANY NAME PINECREST WATER COMPANY INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 11671	\$ 11650
460	Unmetered Water Revenue		
474	Other Water Revenues	693	380
	TOTAL REVENUES	\$ 12364	\$ 12030
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	906	976
618	Chemicals		
620	Repairs and Maintenance	5641	4575
621	Office Supplies and Expense	716	500
630	Outside Services	400	936
635	Water Testing	662	155
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	1908	1969
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1715	733
403	Depreciation Expense	1652	2166
408	Taxes Other Than Income	631	638
408.11	Property Taxes	349	377
409	Income Tax	45	45
	TOTAL OPERATING EXPENSES	\$ 14625	\$ 13070
	OPERATING INCOME/(LOSS)	\$ < 2261 >	\$ < 1040 >
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 94	\$ 99
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 94	\$ 99
	NET INCOME/(LOSS)	\$ < 2167 >	\$ < 941 >

COMPANY NAME PINECREST WATER COMPANY INC.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	/			
Source of Loan				
ACC Decision No.				
Reason for Loan		NONE		
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 0

Meter Deposits Refunded During the Test Year

\$ 0

COMPANY NAME PINECKEST WATER COMPANY INC.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55- 806312	1	35	36	10	3/4	1967

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE	 	

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
1 1/2	1	0	0

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000 GALLONS	1	80	3

COMPANY NAME PINECKEST WATER COMPANY INC.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	2762
3	PVC	1630
4	PVC	4435
5		
6		
8		
10		
12		
1 1/4	PVC	2800

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	42
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

HAND CHLORINATION
CHEM TECH INT. SERIES 100 #E6880-15GPD CHLORINATOR (ON STANDBY)

STRUCTURES:

FENCED WELL-HEAD VAULT
FENCED CAPTIVE AIR PRESSURE TANKS & DISTRIBUTION SYSTEM

OTHER:

COMPANY NAME: PINECREST WATER COMPANY INC.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	42	59520	62400
FEBRUARY	42	51280	58500
MARCH	42	80370	87400
APRIL	42	77370	86100
MAY	42	143510	150000
JUNE	42	214130	218600
JULY	42	226370	227100
AUGUST	42	106030	110600
SEPTEMBER	42	110104	114300
OCTOBER	42	83926	89800
NOVEMBER	42	80720	87100
DECEMBER	42	77070	83700
TOTAL		1,310,400	1,375,600

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

(X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

(X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 2.9 mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME PINECREST WATER COMPANY INC. YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 377.24

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

05F 5546
 PRESTON VEHICLE COMPANY
 P.O. BOX
 WHEELING, W. VA.
 DATE 10-3-05
 1836
 BY APACHE COUNTY TREASURER
 THREE HUNDRED SEVENTY-SEVEN AND 2/100 \$ 377.24
 DOLLARS & CENTS
 National Bank
 FOR JIM JONES NA-AN-674
 L. J. JONES
 L. J. JONES

Processed 10/14/05

\$377.24 Ch# 1835✓

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAR 29 2006

Z Corporation Commissic
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
<u>APACHE</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>NATHAN CASTILLO, PRESIDENT</u>
COMPANY NAME
<u>PINECREST WATER COMPANY, INC.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Nathan Castillo
SIGNATURE OF OWNER OR OFFICIAL

928 - 339-4972
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 27TH DAY OF

(SEAL)

MY COMMISSION EXPIRES 11-1-2006

COUNTY NAME
<u>MARICOPA</u>
MONTH <u>MARCH</u> <u>2006</u>

James Louis Hrose
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME PINECREST WATER COMPANY INC. YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported < 941 >
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported < 896 >
Estimated or Actual State Tax Liability 45

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances ~~NA~~
Amount of Gross-Up Tax Collected ~~NA~~
Total Grossed-Up Contributions/Advances ~~NA~~

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Nathan Castillo
SIGNATURE

3/27/06
DATE

NATHAN CASTILLO
PRINTED NAME

President
TITLE

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

MAR 29 2006

Z Corporation Commissio
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>APACHE</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>NATHAN CASTILLO, PRESIDENT</u>
COMPANY NAME
<u>PINECREST WATER COMPANY INC.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2005</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 12030

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 670

IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Nathan Castillo
SIGNATURE OF OWNER OR OFFICIAL

928-339-4972
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

27th

DAY OF

COUNTY NAME

MARICOPA

MONTH

MARCH

2006

(SEAL)



James Louis Grose, Jr.
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

11-12-06

RECEIVED

MAR 29 2006

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

Corporation Commission
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) APACHE	
NAME (OWNER OR OFFICIAL) NATHAN CASTILLO	TITLE PRESIDENT
COMPANY NAME PINECREST WATER COMPANY, INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 12,030

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 670

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Nathan Castillo
SIGNATURE OF OWNER OR OFFICIAL

928-339-4972

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

27TH

DAY OF

(SEAL)



MY COMMISSION EXPIRES

11-12-06

NOTARY PUBLIC NAME JAMES LOUIS GROSE, JR.	
COUNTY NAME MARICOPA	
MONTH MARCH	2006

James Louis Grose, Jr.
SIGNATURE OF NOTARY PUBLIC